

DISASTER PREVENTION PROGRAM

(BO-0206)

EXECUTIVE SUMMARY

Borrower:	Republic of Bolivia	
Executing agency:	Ministry of Sustainable Development and Planning (MDSP)	
Amount and source:	IDB (FSO):	US\$2,700,000
	Local:	US\$ 300,000
	Total:	US\$3,000,000
Financial terms and conditions:	Amortization period:	40 years
	Grace period:	10 years
	Disbursement period:	3 years
	Interest rate:	1% for the first 10 years, and 2% for subsequent 30 years
	Inspection and supervision:	1%
	Credit fee:	0.50%
	Currency:	Foreign exchange from the Fund for Special Operations
Objectives:	<p>The general objective of this program is to help the Bolivian government to operate its national disaster prevention and risk reduction system (SISRADE) more effectively. The specific objectives are (i) to strengthen the institutional structure of SISRADE, and (ii) to raise public understanding of risk. This operation would lay the foundations of an operational framework for managing risk in Bolivia by means of a national risk management system.</p>	
Description:	<p>The program consists of two components:</p> <p>1. Strengthening of SISRADE (US\$2.040 million). This component will focus on activities that help (i) implement the regulations governing the Disaster Assistance and Risk Reduction Act, through support for planning and coordinating activities arising from the regulations; (ii) strengthen technical capacity at the sector, regional, and local levels; and (iii) improve disaster prevention and emergency assistance information management between the various units in the national emergency assistance prevention and risk reduction system. Assistance will be furnished for formulating national, sector, and local</p>	

risk management plans. In La Paz, a disaster prevention plan will be developed for the La Paz river basin as a pilot experience on which to base subsequent municipal risk management plans. Such plans will be supplemented with training programs on the basis of which national, departmental, and local risk management plans will be introduced. In addition, an information management model will be designed for units in the SISRADE, with a focus on efficient mechanisms for sharing and disseminating information essential to decision making.

2. Information on risk management (US\$450,000). The purpose of this component is to monitor the process of institutional strengthening by heightening public awareness of existing risks and of standards and mechanisms that the country has at its disposal to intervene. This will permit greater participation and organization by the public. The specific activities of this component are (i) the design and drafting of a strategy and an action plan for disseminating information, including a consultative process and concerted agreement and collaboration; (ii) development of a pilot test to validate the action plan; (iii) adjustment and implementation of the validated action plan; and (iv) implementation of a public information dissemination process.

**The Bank's
country and
sector strategy:**

The Bank's strategy for the country rests on three pillars: (i) economic growth and job creation; (ii) human capital development and access to basic social services; and (iii) governance and consolidation of reform. The present operation fits in with the good governance and consolidation of reform line of action. In a broader sense, the operation would also contribute to improvements in national risk management capacity by setting the stage for reducing the vulnerability of industry and the public, thus offsetting some of the potentially adverse effects that disasters bring in their wake.

In accordance with the Bank's Natural and Unexpected Disaster Policy (OP-704), the Bank's intervention may occur (i) before a disaster, in the form of assistance for preparedness, prevention, and mitigation; (ii) during and after the emergency, through efforts to minimize loss of life and property; and (iii) after an emergency, with assistance during the rehabilitation and reconstruction stages. This operation is being prepared as part of the support provided by the Bank before a disaster and meshes well with the objectives of the *Disaster Prevention Sector Facility* from which the financing is taken.

The purpose of this *Facility*, approved by the Bank's Board of Executive Directors in March 2001, is to reinforce disaster prevention and risk management systems. To accomplish this aim, financing will be provided for activities concerned with (i) *risk identification and forecasting*, with a view to understanding and quantifying the vulnerability to, and the risk of, the disaster to which there is exposure, mainly through emergency assistance and prevention plans;

(ii) *preparedness*, in order to enhance the country's capacity to respond to emergencies quickly and efficiently and take action before emergencies occur mainly through training and information activities; and (iii) *establishment of efficient national risk reduction systems* emanating as a joint accomplishment of the operation.

**Environmental
and social
review:**

The program activities would improve the country's risk management capability, thus helping to minimize the potential harmful social and economic effects of disasters. The enhanced risk-management capability will reduce the vulnerability of the people and their economic activities through the introduction of risk-management plans.

The operation is based on the principle that risk management (actions to prevent and address disasters) occurs mainly at the local and community level. The activities contemplated are based on public participation in planning and in receiving information and training so that ultimately more members of society have been trained and sensitized to the risks posed to themselves and their property. The activities and plans will ensure that decision makers and residents of the communities affected are taken into consideration in developing risk management policies at the local, regional, and national level.

No direct environmental effects are expected as a result of the operation. However, favorable indirect impacts are anticipated having to do with identifying poor management of natural resources as a source of risk, which would encourage communities to incorporate best practices as part of natural resources management. It is also hoped that one of the secondary effects of the operation will be to internalize the association between the good natural resources management and reductions in the frequency and severity of the impacts of natural disasters.

Benefits:

The activities planned for each component will modernize the State's disaster assistance and prevention capabilities. Also, indirectly, it will benefit the country's very poor since they are the ones most exposed to and most vulnerable to natural disasters. On a macroeconomic level, the enhanced capacity in identifying risks and implementing activities to reduce them would minimize the effects of natural disasters in the medium and long term, particularly their effects in disrupting production, job creation, and the generation of foreign exchange. So, as a first step towards making the disaster assistance and prevention system operate more efficiently, risk management would be introduced as part of the normal planning process under the public investment policy.

Risks:

The main risk associated with this operation resides in the sustainability of the institutions that support this operation, and

particularly SISRADE, since it was created only recently, and the MDSP with its newly designated technical responsibilities, where the DGRR will begin functioning starting in 2003. This situation may have an impact on the efficiency with which the program is implemented and the sustainability of the expected results. To minimize this risk, the program is based on developing and implementing operating plans developed with the broad participation of institutions and the general public. At the local and community level, the program activities are expected to increase demand for improving and sustaining the national disaster prevention system.

Special contractual clauses:

As a condition precedent to the first disbursement, the following activities must be carried out to the Bank's satisfaction:

- (a) Signature of a subsidiary agreement between the Ministry of Finance and the Ministry of Sustainable Development (MDSP), designating the latter as the executing agency and arranging for the transfer of the program resources (paragraph 3.1)
- (b) Resolution issued by the MDSP establishing an organizational structure within the MDSP for the program, setting out details for the distribution of activities and functions between the Risk Reduction Division (DGRR) and the National Risk Management Service (paragraph 3.2).
- (c) Introduction of the Risk Reduction Division with its corresponding budgetary allocation and the appointment of its Director General, who will be in charge of coordinating the operation's basic technical activities, including the selection of consultants, which would be charged to the program for strengthening the DGRR and the SENAR (paragraph 3.2).

As conditions precedent to execution, before any disbursements are made for specific activities to the benefit of the sector ministries and other beneficiaries, institutional cooperation agreements will need to have been signed, to the Bank's satisfaction, between the MDSP and the respective ministries and other beneficiaries taking part in the program (paragraph 3.3).

Poverty-targeting and social sector classification:

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704) (paragraph 4.6).

Exceptions to Bank policy:

None.

Procurement: All procurement for the program will need to be conducted in accordance with Bank procedures. The program does not provide for the financing of construction works. International competitive bidding will be compulsory for procurement of goods with contracts valued at more than US\$350,000. Contracts below this threshold will come under national law. In the case of consulting services, international competitive bidding will be compulsory for contracts valued at more than US\$200,000.

**Key
performance
indicators and
benchmarks
for supervision:**

Component I: Institutional strengthening

The objective of this component is to introduce national regulations for a disaster and/or emergency assistance and prevention act that seeks to enhance technical risk-management capacity as well as to initiate information management in this area. The following performance indicators would be used:

- 18 months into the program, five ministries need to have approved emergency assistance and risk management plans and need to have put in place the corresponding regulations. By month 24, the municipality of La Paz must have approved the emergency assistance and risk management plan with the corresponding standards. By month 12 of the program, the specific SENAR and SENDECI regulations must have been approved.
- A 75% improvement in staff performance is expected as a result of the courses and workshops. By month 26, 20 trainers need to have been trained and a further 20 by month 30. In month 20, 15 experts in risk management must have been trained and a further 15 by month 30.
- Also, an information management plan must have been set up at two line ministries 24 months into the program and in three other ministries by month 30. In addition, a management information system, hooked up to central agencies and functioning on a regional and local level, must have been designed by month 20.

Component II: Dissemination of information management:

The objective of this component is to foster an understanding and a perception of risk management amongst the different local actors as well as of the responsibilities entailed in actions to address such risks. The main indicator is:

- Upon completion of the program, one half of the residents in the 315 municipalities will have a greater understanding of risk management.

**Information
shared by the
Bank and the
executing
agency:**

The MDSP will submit to the Bank an initial report containing a work plan and a timetable for carrying out the program. In addition, it will also submit to the Bank semiannual progress reports reflecting the status of the indicators in the logical framework.

The annual financial statements of the program and SENAR will be submitted to the Bank within 120 days after the close of the financial year. The statements will be examined by a firm of independent auditors selected in accordance with Bank policy on the basis of terms of reference previously agreed on. These audits will be performed for the duration of the program and the cost of the audits will be financed out of the proceeds of the IDB loan.

The Bank will prepare project performance monitoring reports reflecting the status of the loan and noting any problems that may have been encountered during program execution and how they were resolved. Three months after completion of the operation, a project completion report will be prepared, summing up the results of the project, how it was carried out, and the lessons learned.

Consultants will be engaged by the Bank to perform a midterm review, with the help of the entities taking part in the program. This report will describe the progress made, together with justification as to whether or not the operation should be continued or reformulated, with any remaining balances being cancelled if necessary.

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Procurement Plan

Description	Financing (000s)		Type of procurement	Pre- Selection	Estimated date
	IDB	Local			
Component I. Institutional strengthening					
1.1 Developing and implementing regulations					
Strategic national risk management plan Amount: US\$ 150,000	125	25	CF	NO	2003
Sector plans (5) Amount: US\$ 215,000	215		IC	NO	2003-2004
Strategic departmental plan Amount: US\$ 40,000	40		IC	NO	2004
Municipality of de La Paz plan ¹ Amount: US\$ 800,000	675	125	CF	YES	2003
Specific regulations Amount: US\$ 95,000	95		IC	NO	2003-2004
SISRADE operating guidelines Amount: US\$ 20,000	20		IC	NO	2003
1.2 Enhancing risk management capacity					
Assessment of capacity and national plan Amount: US\$ 130,000	110	20	CF	NO	2003-2004
Training and development courses Training for trainers Amount: US\$ 201,000	170	30	CF	YES	2004
Training for experts Amount: US\$ 200,000	200		SF	YES	2004
1.3 Risk management information system					
Design and implementation of the system and adjustments (Inventory, requirements) Amount: US\$ 130,000	110	20	CF	NO	2003
Equipment Amount: US\$ 30,000	30	0	PS	NO	2004
Evaluation of system Amount: US\$ 30,000	30		IC	NO	2004
Component II. Dissemination of information to the public					
Design of strategy and action plan and pilot experience (includes sustainability mechanism) Amount: US\$ 150,000	130	20	CF	NO	2004
Implementation of strategy Amount: US\$ 200,000	170	30	SF	YES	2004
Monitoring component (DGRR support) Amount: US\$ 100,000	100		SF	NO	2004-2005
Administration					

Description	Financing (000s)		Type of procurement	Pre- Selection	Estimated date
	IDB	Local			
Support for DGRR and SENAR Amount: US\$ 180,000	180		IC	NO	2003-2005
Evaluations and audits					
Interim and final Amount: US\$40,000	40		IC	NO	2003 – 2005
Audits Amount: US\$70,000	70		AF	NO	2003-2004- 2005

¹ This item includes up to US\$60,000 for strengthening the Municipality of La Paz Risk Management Unit, which could be hired as individual consultants.

CF: Consulting firm

IC: Individual consulting services

SF: Specialized firm

AF: Audit firm

PS: Price shopping